

APPRAISING ARIZONA

BOARD OF APPRAISAL NEWSLETTER

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July 2007

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BOARD MEMBERS

Lester G. Abrams, Chairman
Property Tax Agent Term Expires 1/08

Charles J. Havranek, Vice Chairman
Certified General Appraiser Term Expires 1/10

Roderick J. Bolden
Public Member Term Expired 1/07*

Gabriel B. Corral
Licensed Residential Appraiser Term Expires 1/09

Cynthia L. Henry
Public Member Term Expires 1/08

Myra L.T. Jefferson
Public Member/Lending Term Expires 1/09

Debra J. Rudd
Certified General Appraiser Term Expires 1/10

Sarah C. Vetault
Certified Residential Appraiser Term Expires 1/08

Vacant (Resigned)
Public Member Term Expired 1/06

*Serves until new appointment

BOARD STAFF

Deborah G. Pearson
Executive Director

Rebecca M. Loar
Regulatory Compliance Administrator

Jessica C. Jessup
Administrative Assistant

Christina R. Carrillo
Administrative Secretary

Angenique R. Castaneda
Accounting Specialist

ARIZONA APPRAISERS

	<u>6/06</u>	<u>6/07</u>
Licensed Residential	1002	1143
Certified Residential	906	1010
Certified General	783	793
Nonresident Temporary	77	31
TOTAL.....	2768.....	2977

Property Tax Agents	307	261
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COMPLAINT STATISTICS THROUGH 6/07

<u>CALENDAR YEAR</u>	<u>2006</u>	<u>2007</u>	<u>2007</u>
Filed	209	125	
Heard by Board			264
<u>OF THOSE COMPLAINTS:</u>			
Dismissed	70	36	53
Referred to investigation	82	20	64
Nondisciplinary letter of concern	30	3	9
Nondisciplinary letter of remedial action	9	0	4
Disciplinary letter of due diligence	6	0	2
Probation	23	6	25
Referred to informal hearing	66	5	47
Referred to formal hearing	10	1	6
Suspension	6	2	3
Surrender	1	0	1
Revocation	1	0	1
Cease and desist letters	24	0	2

Violation Levels:

I	34	4	10
II	10	0	5
III	15	5	22
IV	3	2	4
V	9	0	1

Note that there are unresolved complaints that at the time of this writing are pending investigations, informal hearings or formal hearings that may result in dismissal, surrender, revocation, other disciplinary action or nondisciplinary action.

NEW LOOK FOR BOARD WEBSITE

www.appraisal.state.az.us

The Board's website has been recently revamped to make it easier to find information. The Board's goal in providing information on its website is to make as much information as possible available in an easy format. Continue to visit the website often. The website is updated not less than monthly to provide current information. Board agendas are posted to the website 24 hours in advance of each Board meeting.

NOTIFY THE BOARD OF ANY ADDRESS CHANGE

Appraisers and applicants for a license or certificate **MUST** notify the Board in writing of any change in permanent business or residence address within TEN business days of the change. **THIS IS A BOARD RULE AND FAILURE TO COMPLY WITH THE RULE COULD RESULT IN BOARD ACTION.** A Change of Address form is available on the Board's website under Forms.

A WORD FROM THE CHAIRMAN—
WHAT ARE YOU SAYING?
WHEN DID THAT CHANGE??
I DID NOT KNOW THAT!!!
WHAT AM I GOING TO DO NOW???
LET ME SPEAK TO YOUR SUPERVISOR!
Les Abrams

Over the past several months the Board has received numerous comments from the regulated community regarding our web site, Board communications and procedures.

Our primary function is to serve and protect the public and at the same time we must ensure the regulated community has all the information necessary to comply with the rules, regulations and statutes that govern the appraisal profession.

We are continually working to improve your experiences with the Board and appreciate your comments.

A majority of the information you require is on our web site. The site is in the process of being redesigned to better accommodate your needs. Please take a moment to **CHECK OUT OUR WEB SITE** and while you are there take a few more minutes to **READ** the content.

UNDUE PRESSURE ON APPRAISERS BY LENDERS

Appraisers report numerous instances where a lender has exerted undue pressure to come to a certain value or to change an appraisal when it should not be changed. **THIS IS A CLASS 6 FELONY.** Board statute, A.R.S. 32-3633. Undue Influence; Classification, states: "A person who induces or influences the actions of an appraiser for purposes of securing an appraisal that is grossly misleading, or fraudulent, is guilty of a class 6 felony." Appraisers are urged to contact the appropriate government agency that regulates the lender. Visit the Arizona Department of Financial Institution's website at www.azdfi.gov to determine what government agency regulates the lender so that a complaint can be filed.

ARIZONA MORTGAGE FRAUD TASK FORCE

The Board is an active participant of the Arizona Mortgage Fraud Task Force. The task force was created to enable multiple federal, state, county and city agencies to work together to combat mortgage fraud in Arizona.

2008-2009 USPAP IS COMING

The Appraisal Standards Board is in the final stages of revising the *Uniform Standards of Professional Appraisal Practice* (USPAP) and it is anticipated that the 2008-2009 USPAP will become available in the next few months. The 2008-2009 USPAP will become effective on January 1, 2008, and from that point forward USPAP will be published on a two-year cycle. The new two-year cycle will allow the Appraisal Standards Board to continue to make meaningful changes to the document and will allow the marketplace and education providers adequate time to absorb future modifications.

MONTHLY USPAP Q&A AVAILABLE ON THE APPRAISAL FOUNDATION'S WEBSITE

Each month the Appraisal Standards Board (ASB) issues USPAP Q&A to respond to questions, to illustrate the applicability of USPAP in specific situations, and to offer advice from the ASB for the resolution of appraisal issues and problems. To view the monthly USPAP Q&A, visit www.appraisalfoundation.org, USPAP/Standards, USPAP Monthly Q & A.

EACH SUPERVISING APPRAISER MUST NOTIFY THE BOARD OF HIS OR HER TRAINEES

Pursuant to the supervising appraiser/trainee rules, each supervising appraiser **MUST** provide to the Board in writing the name and address of each trainee within ten days of engagement and notify the Board in writing **IMMEDIATELY** upon termination of engagement. The Board currently has approximately 575 trainees on file. A complete list of supervising appraisers and their trainees is posted on the Board's website under Directory and under Supervising Appraisers/Trainees.

BOARD WILL NOT ACCEPT EITHER THE 15-HOUR NATIONAL USPAP COURSE OR THE 7-HOUR NATIONAL USPAP COURSE TAKEN THROUGH DISTANCE EDUCATION

Board rules provide that the Board **CANNOT ACCEPT** either the 15-hour National USPAP Course (or its AQB-approved equivalent) or the 7-hour National USPAP Update Course (or its AQB-approved equivalent) **TAKEN THROUGH DISTANCE EDUCATION**. The Board has never accepted the 15-hour course taken through distance education. The Board revised its rules effective 6/2/07, which provides that the Board will not accept the 7-hour National USPAP Update Course (or its AQB-approved equivalent) taken through distance education on or after 6/2/07. However, A.R.S. § 32-3625(F) provides that the rule amendment cannot deprive an appraiser credit toward renewal for the 7-hour National USPAP Update Course (or its AQB-approved equivalent) taken through distance education if the course was "either completed by the applicant or enrolled in by the applicant before" 6/2/07. Therefore, 7-hour USPAP Update Courses through distance education completed by or enrolled in before 6/2/07 will be accepted by the Board.

NEW REAL PROPERTY APPRAISER CRITERIA BECOMES EFFECTIVE JANUARY 1, 2008

Highlights of the changes are: LICENSED RESIDENTIAL--Qualifying education is increased from 90 hours to 150 hours. CERTIFIED RESIDENTIAL--Qualifying education is increased from 120 hours to 200 hours. Associate degree or higher is also required, or in lieu thereof, 21 college level semester hours in specified courses. CERTIFIED GENERAL--Qualifying education is increased from 180 hours to 300 hours. Bachelors degree or higher is also required, or in lieu thereof, 30 college level semester hours in specified courses. The full text of the new education criteria is available at The Appraisal Foundation's website at www.appraisalfoundation.org. The Appraisal Foundation has also published a STUDENT APPRAISER GUIDE, Understanding and Navigating the Real Property Appraiser Qualification Criteria, which is available for download from The Appraisal Foundation's website. This is a valuable tool for anyone looking to become a real property appraiser. Appraiser students are strongly encouraged to download the entire Guide. The segmented approach has been adopted by the Board for the 2008 Criteria. If you meet any of the current qualifying education, experience or examination requirements by December 31, 2007, you may carry that part forward. For example, if you have met the current Criteria's qualifying education requirement prior to January 1, 2008, then you would have met the education requirement and would not need to take the additional qualifying education classroom hours or the college credits required in the 2008 Criteria. You would, however, have to meet the experience requirement contained in the 2008 Criteria and have to pass the examination effective January 1, 2008. **The Board has adopted the following cutoff dates for completion of the three components (education, experience, examination): (1) An applicant shall meet the Criteria in effect at the time he completes a particular component through and including October 31, 2008. (2) An applicant shall meet either the 1998 Criteria or the 2008 Criteria for any component completed prior to January 1, 2008. (3) An applicant shall meet the 2008 Criteria for any component completed on or after January 1, 2008, through and including October 31, 2008. (4) On and after November 1, 2008, an applicant shall meet the 2008 Criteria for all components, regardless of when the component was completed.**

2008 APPRAISER EXAMINATION

The appraiser examinations for licensed, certified residential and certified general credentials will be practice-based commencing on January 1, 2008. All tests must be administered by an AQB-approved exam administrator. The tests will be approximately six hours in length for the licensed and certified residential credentials and approximately eight hours in length for the certified general credential. Note that 2008 tests have been revised to coincide with the 2008 Criteria and education and experience completed prior to January 1, 2008, may not be sufficient to enable the examinee to pass the 2008 examination.

BOARD RULES AMENDED

The Board's rules were amended effective June 2, 2007. The entire text of the amended rules is posted on the Board's website under Important Information. Highlights of the CHANGES are: (1) Adoption of the 2008 Criteria, including procedure for implementation; (2) Requirement that the 15-hour National USPAP Course (or its AQB-approved equivalent) be taken with two years preceding the date of application; (3) Requirement that a supervising appraiser be certified residential or certified general beginning 1/1/08; (4) Restriction that renewal applicants shall not obtain the 7-hour National USPAP Update Course (or its AQB-approved equivalent) through distance education; (5) Restrictions concerning renewal requirements; and (6) Adoption of course approval parameters to comply with the 2008 Criteria. **All affected parties are urged to review the entire text of the amended rules.**

BOARD STATUTES AMENDED

Governor Napolitano signed into law amendments to Board statutes on July 2, 2007, which became effective immediately. The entire text of the amended statutes are posted on the Board's website under Important Information. Highlights of the CHANGES are: (1) Revision providing that the Board does not have jurisdiction over an Arizona licensed real estate broker/salesperson who gives a broker's price opinion not referred to as an appraisal; (2) Revision providing that the Board does not have jurisdiction over an automated value opinion not referred to as an appraisal; (3) Revision to allow a Board member appointed to fill the remainder of a vacated term of less than 18 months to serve two additional consecutive terms; (4) Relocation of the confidential records provisions from rules to statutes; (5) Requirement that an applicant's experience be acquired within ten years prior to filing an application; (6) Addition of an Inactive Status for Military Duty; (7) Addition of a General Inactive Status; (8) Provision that an appraiser cannot engage in appraisal activity after a license/certificate has expired and before the renewal of the license or certificate. **All affected parties are urged to review the entire text of the amended statutes.**

BOARD ADOPTS SUBSTANTIVE POLICY STATEMENTS

The Board has adopted two substantive policy statements since publication of its last newsletter. Policy Statement #2, Supervising Appraiser/Trainee Guidelines was adopted 12/14/06, with an effective date of 1/1/07. Supervising appraisers, as well as trainees, are encouraged to use the guidelines in appraisal training. Policy Statement #3, Guidelines for Issuance of Cease and Desist Letters, was adopted 5/17/07. It is the Board's policy to go through the complaint process before the issuance of a cease and desist letter. The entire text of the substantive policy statements is available on the Board's website under Laws.

UPCOMING RULE AMENDMENTS

In the next few months, the Board will be proposing amendments to its rules to include the adoption of the 2008-2009 USPAP, the adoption of the most current version of the 2008 Criteria, revisions to the supervising appraiser/trainee section, and revisions to the cost section. All notices of proposed and final rulemaking packages are posted in the Administrative Register at www.azsos.gov under Publications, Administrative Code and Rules, Administrative Register Online. Notices of proposed and final rulemaking packages are also posted to the Board's website.

RENEWAL REQUIREMENTS

Information concerning renewal requirements, including USPAP requirements, are posted on the Board's website under Important Information. As required by rule, renewal notices and applications are mailed out not less than 60 or more than 90 days prior to the expiration of a license/certificate. However, the requirement information on the Board's website is kept current and is a useful tool in preparing for renewal during an appraiser's renewal period.

INVESTIGATOR CONTRACT

The new contract will be awarded 8/9/07. The solicitation is due 7/30/07. All appraisers interested in acting as a contract investigator on behalf of the Board must be registered with SPIRIT (the state's internet application that automates the state's procurement process) to receive notice of the solicitation. To register with SPIRIT, go to www.spirit.az.gov. The commodity code is 0946-0015.

INTERESTED IN SERVING AS A BOARD MEMBER?

There are currently two PUBLIC member vacancies on the Board. The following three vacancies will occur in 1/08: Property Tax Agent member; Public member; and Certified Residential Appraiser member. Nine Board members are appointed by the Governor to staggering three-year terms. Visit the Governor's website at www.governor.state.az.us under Boards and Commissions to apply as a Board member.